

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED)	
GAS ADJUSTMENT FILING OF)	CASE NO. 8929-J
ELAM UTILITY COMPANY)	

O R D E R

On May 2, 1984, the Commission issued its Order in Case No. 8929 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On October 28, 1985, Elam Utility Company ("Elam") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Columbia Gas Transmission Corporation ("Transmission") effective September 1, 1985, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Transmission filed decreased rates with the Federal Energy Regulatory Commission to be effective September 1, 1985.

(2) Elam's notice of October 28, 1985, set out certain revisions in rates which Elam proposed to place into effect, said rates being designed to pass on the overall decrease in gas costs from its suppliers in the amount of \$361 or .81 cents per Mcf.

(3) Elam calculated its overall decrease in gas costs based on the difference between its new supplier rates and the supplier rates in effect at the time of Case No. 8929. According to Elam's purchased gas adjustment ("PGA") clause, the decrease should be based on the difference between supplier rates in Case No. 8929-I and the new supplier rates. Calculating the decrease as it did, Elam's proposed rates were two cents higher than they should have been.

(4) Elam did not convert dekatherms to Mcf in computing the cost of gas purchased from Columbia. Because purchases from Columbia must be added to purchases from Capitol Oil and Gas Company ("Capitol") to compute average cost of gas, and because Capitol's purchases are stated in Mcf, Elam should convert Columbia's purchases to Mcf.

(5) Elam did not submit a detailed statement of gas purchases as required in its PGA clause. It also failed to use the correct 12-month period for its purchases; according to its PGA clause, Elam is required to use the 12-month period ending within 3 months preceding the month of the effective date of the supplier's rate change. The decrease should have been based on a period no earlier than June 1, 1984, to June 1, 1985, instead of Elam's usage of March 1, 1984, to March 1, 1985.

(6) Elam did not supply sales volume figures in its application and did not divide its decrease in purchased gas cost by sales, as its PGA clause requires, to calculate the decrease in rates to its customers. The Commission did so, and the results are reflected in the rates in the Appendix to this Order. Elam's clause allows adjustment for line loss up to 5 percent. Elam did not file for line loss in this application, as has been its practice.

(7) The adjustment in rates set out in the Appendix to this Order under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8929, dated May 2, 1984, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after September 1, 1985.

(8) Elam should report to this Commission any excess revenues collected from September 1, 1985, to the date of this Order, along with a plan to refund the excess revenues to its customers.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after September 1, 1985.

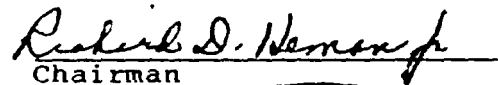
IT IS FURTHER ORDERED that within 30 days of the date of this Order Elam shall report to this Commission any excess revenues collected between September 1, 1985, and the date of this Order, along with a plan to refund any excess revenues to its customers.

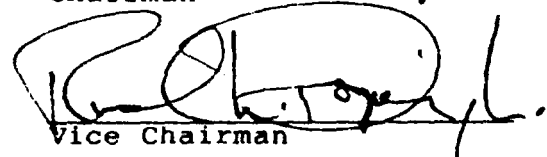
IT IS FURTHER ORDERED that in future applications Elam shall comply with all aspects of its PGA clause.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Elam shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 27th day of November, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8929-J DATED 11/27/85

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

RESIDENTIAL & COMMERCIAL

Customer Charge	\$ 4.00
First 11 Mcf	7.75 per Mcf
Over 11 Mcf	8.75 per Mcf

INDUSTRIAL

Customer Charge	\$ 5.00
All Mcf	7.75 per Mcf

The base rates for the future application of the purchased gas adjustment clause of Elam Utility Company shall be:

	<u>Demand</u>	<u>Commodity</u>
Columbia Gas Transmission Corporation	-	\$4.0368 per Dth
Capitol Oil and Gas	-	4.679 per Mcf